



Georgia-Pacific Corporation 133 Peachtree Street, N.E. (30303)
P.O. Box 105605
Atlanta, Georgia 30348-5605
Telephone (404) 521-4000

August 4, 1988

RECEIVED
AUG 8 1988

DIVISION OF
OIL, GAS & MINING

Mr. Lowell P. Braxton
Administrator
Minerals Resource Development
& Reclamation Program
State of Utah
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RE: Reclamation Bond, M/041/009, Georgia-Pacific Gypsum Quarries,
Sevier County, Utah

Dear Mr. Braxton:

Thank you for your letter of July 8, 1988 advising that the Utah Board of Oil, Gas and Mining approved our Self Bonding application. We understand this is subject to changes in the Self Bond form presently being made by your attorney general's office. We look forward to receiving the revised forms when they have been approved by your Board.

Should we have any questions concerning this matter, we will contact Holland Shepherd who has replaced Frank Filas as contact person in this matter.

Sincerely,

Don W. Lindstedt
Assistant Manager

DWL:hc

cc: D. R. Moody - G-P, Atlanta, GA - G-21
D. C. Corkill - G-P, Sigurd, UT

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84120-1203
(801) 538-5340

SELF BONDING AND INDEMNITY AGREEMENT

This Self Bonding and Indemnity Agreement ("Agreement") is entered into by and between Georgia-Pacific Corporation ("Operator") and the State of Utah, Department of Natural Resources, Board of Oil, Gas and Mining ("Board"). The Board and the Operator find that:

WHEREAS, pursuant to the Mined Land Reclamation Act, §40-8-1 et seq., Utah Code Annotated (1953, as amended) ("Act") and applicable rules, the Operator has obtained Permit No. M/041/009 from the Division of Oil, Gas and Mining ("Division") to operate the G-P Sigurd Mine, a gypsum mine, in Sevier County, Utah, which location is more specifically described in Exhibit A; and,

WHEREAS, the Board and the Operator agree that, upon permanent cessation of operations, complete reclamation of the G-P Sigurd Mine pursuant to Permit No. M/041/009, including revisions and amendments (collectively "Permit"), the Act, and applicable rules is essential to protect the land from future harm due to prolonged deterioration; and,

WHEREAS, the Operator has requested that the Board accept a written contractual agreement as the form of reclamation surety required by the Act; and,

WHEREAS, the Operator has designated CT Corporation System, 170 South Main St., Salt Lake City, Utah, 84111, as its agent for service of process in the State of Utah; and,

WHEREAS, the Operator has been in continuous operation as a business entity for the last five years; and,

WHEREAS, as is indicated on the attached financial sheet, the Operator meets the financial criteria for a written contractual agreement; and,

WHEREAS, the Operator has submitted to the Division and Board financial statements which are accompanied by an audit opinion prepared by Arthur Andersen & Co. which indicates compliance with the financial criteria.

NOW, THEREFORE, in return for permission to mine pursuant to the Act, the applicable rules and the Permit, in addition to other consideration, the sufficiency and receipt of which is hereby acknowledged, the Operator agrees to be held and bonds to the Board for the sum of \$122,100.00 for the timely performance of reclamation responsibilities for the G-P Sigurd Mine, Permit No. M/041/009 in United States currency. By the submission of this Agreement, the Operator will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations are such that:

1. The Operator shall perform all duties and fulfill all requirements applicable to reclamation of the G-P Sigurd Mine as set forth in the Act, the applicable rules, and the terms of the Permit.

2. The liability under this Agreement is conditioned upon successful reclamation of the permit area as provided in the reclamation plan for the Permit for the period of time and in the manner specified in the Act, the applicable rules, and the terms of the Permit. The liability or responsibility of the Operator hereunder is \$122,100.00, provided that the Board may adjust the amount of liability hereunder as provided in Section ⁵6 hereof.

3. Georgia-Pacific Corporation hereby agrees to indemnify and hold the Board and Division harmless from any claim, demand, liability, costs, charge, or suit brought by a third party as a result of the Operator's failure to abide by the terms and conditions of the Reclamation Plan as set forth in the Permit and from any failure to comply with the terms of this Agreement.

4. Upon successful completion of part or all of the obligations secured hereby, the Operator may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division shall conduct an inspection to ascertain whether duties and obligations of the

Operator under the Act, the applicable rules, and the Permit have been fulfilled. If it is determined that such duties and obligations have been fulfilled, the Board shall release the Operator from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of Sevier County, Utah.

5. Periodically or at the request of the Operator, this Agreement shall be reviewed by the Division and the amount of liability adjusted if the Division determines that the cost of future reclamation has materially changed.

6. The Operator may terminate this Agreement by providing written notice to the Board no less than 120 days prior to the date of termination. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination.

7. The Board may terminate this Agreement by providing written notice to the Operator no less than 120 days prior to the date of termination unless the Board determines that the Operator no longer meets the financial criteria for a written contractual agreement whereupon the Board may shorten the above-stated notice period for termination of this Agreement. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination.

8. If the Operator fails, within the time periods set out in paragraphs six and seven of this Agreement, to provide an alternative reclamation surety satisfactory to the Board, the Division or Board may pursue any available remedies, including, but not limited to, the direction to cease all operations at the G-P Sigurd Mine and the direction to initiate and complete all reclamation operations at the G-P Sigurd Mine.

9. This Agreement will be governed and interpreted according to Utah law.

10. In addition to any other liability described above, the Operator shall pay reasonable attorney fees and costs incurred by the Board if the Board is successful in any action or suit regarding this agreement.

SO AGREED this _____ day of _____, 1988.

GEORGIA-PACIFIC CORPORATION

Date

DONALD L. GLASS, Vice President
Gypsum and Roofing Division

Date

DON W. LINDSTEDT, Assistant
Treasurer

Date

GREGORY P. WILLIAMS, Chairman
Board of Oil, Gas and Mining

APPROVED AS TO FORM:

Assistant Attorney General

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 1988, personally
appeared before me _____ and _____
who being by me duly sworn did say that he, the said _____
_____ is the _____ of
_____ and said _____
_____ is the _____ of
_____ and said
instrument was signed in behalf of said corporation by authority

of its bylaws or a resolution of its board of directors and said
_____ and _____
duly acknowledged to me that said corporation executed the same.

Notary Public
Residing at: _____

My Commission Expires:
